

PART 1957—ASSET SALES**Subpart A—Rural Housing Asset Sales**

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AUTHORITY: Pub. L. 99–509, sec 2001(b)(1).

SOURCE: 54 FR 47958, Nov. 20, 1989, unless otherwise noted.

Subpart A—Rural Housing Asset Sales**§ 1957.1 General.**

Pursuant to the Omnibus Budget Reconciliation Act of 1986, Public Law 99–509, the Farmers Home Administration or its successor agency under Public Law 103–354 sold certain of the portfolio of loans made under section 502 of the Housing Act of 1949 to the Rural Housing Trust, 1987–1. The sale was without recourse to FmHA or its successor agency under Public Law 103–354 except for certain provisions providing for FmHA or its successor agency under Public Law 103–354's payment of interest credit amounts and agreement to compensate the Rural Housing Trust 1987–1 for future cash flow changes due to revised borrowers rights as set forth in FmHA or its successor agency under Public Law 103–354 regulations. The sale documents to Rural Housing Trust 1987–1 recognize that the FmHA or its successor agency under Public Law 103–354 loans were assigned subject to rights provided to these borrowers under documentation to recognize the rights of FmHA or its successor agency under Public Law 103–354 borrowers under regulations of FmHA or its successor agency under Public Law 103–354 as they may exist from time to time and to service the loans in accordance with then current FmHA or its successor agency under Public Law 103–354 regulations. In addition, as provided in § 1957.6 of this subpart, FmHA or its successor agency under Public Law 103–354 has retained review, but not hearing authority under the FmHA or its successor agency under Public Law 103–

354 Appeal Procedure, 7 CFR part 1900, Subpart B. Failure of private servicers to comply with FmHA or its successor agency under Public Law 103–354 regulations in servicing loans sold to the Rural Housing Trust 1987–1 may be redressed in the review process under the Appeal Procedure.

§ 1957.2 Transfer with assumptions.

FmHA or its successor agency under Public Law 103–354 regulations governing transfers and assumptions will not apply to these loans. Individuals who want to purchase property securing a loan held by the Rural Housing Trust 1987–1, and who are eligible for an FmHA or its successor agency under Public Law 103–354 § 502 loan will be given the same priority by FmHA or its successor agency under Public Law 103–354 as a transferee of a § 502 loan if the property is then suitable for the FmHA or its successor agency under Public Law 103–354 RH program and is located in an eligible area. The Master Servicer of the Rural Housing Trust, 1987–1, may permit an assumption if it is deemed by the Master Servicer to be in the financial interest of the Trust, but in such case the transferee would not be eligible for FmHA or its successor agency under Public Law 103–354 loan servicing benefits under FmHA or its successor agency under Public Law 103–354 regulations.

§ 1957.3 [Reserved]**§ 1957.4 Graduation.**

Borrowers will not be required to graduate to other credit.

§ 1957.5 [Reserved]**§ 1957.6 Appeal reviews.**

The Master Servicer, acting through its subservicer, will have the responsibility to conduct hearings under the appeal process. Final review of an adverse decision upheld under the appeal process will remain with FmHA or its successor agency under Public Law 103–354 and be conducted by the Agency's National Appeal Staff, Washington, DC, under the FmHA or its successor agency under Public Law 103–354 Appeal Procedures, 7 CFR part 1900, subpart B. This review is final and will

§§ 1957.7–1957.50

conclude the appellant's administrative appeal process.

§§ 1957.7–1957.50 [Reserved]

PART 1962—PERSONAL PROPERTY

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- 1962.34 Transfer of chattel security and EO property and assumption of debts.
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- 1962.40 Liquidation.
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- 1962.42 Repossession, care, and sale of chattel security or EO property by the County Supervisor.
- 1962.43 [Reserved]
- 1962.44 Distribution of liquidation sale proceeds.
- 1962.45 Reporting sales.
- 1962.46 Deceased borrowers.
- 1962.47 Bankruptcy and insolvency.
- 1962.48 [Reserved]
- 1962.49 Civil and criminal cases.
- 1962.50 [Reserved]

EXHIBIT A TO SUBPART A—MEMORANDUM OF UNDERSTANDING BETWEEN COMMODITY CREDIT CORPORATION AND FARMERS HOME

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ADMINISTRATION OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103–354
EXHIBIT B TO SUBPART A—MEMORANDUM OF UNDERSTANDING AND BLANKET COMMODITY LIEN WAIVER
EXHIBIT C TO SUBPART A—MEMORANDUM OF UNDERSTANDING BETWEEN FARMERS HOME ADMINISTRATION OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103–354 AND COMMODITY CREDIT CORPORATION
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EXHIBIT E TO SUBPART A—RELEASING SECURITY SALES PROCEEDS AND DETERMINING “ESSENTIAL” FAMILY LIVING AND FARM OPERATING EXPENSES
EXHIBIT F TO SUBPART A [RESERVED]

AUTHORITY: 5 U.S.C. 301; 7 U.S.C. 1989; 42 U.S.C. 1480.

SOURCE: 50 FR 45783, Nov. 1, 1985, unless otherwise noted.

Subpart A—Servicing and Liquidation of Chattel Security

§ 1962.1 Purpose.

This subpart delegates authorities and gives procedures for servicing, care, and liquidation of Farmers Home Administration or its successor agency under Public Law 103–354 (FmHA or its successor agency under Public Law 103–354) chattel security, Economic Opportunity (EO) loan property, and note only loans. Security servicing for Non-program (NP) loans on farm property will be according to subpart J of part 1951 of this chapter. This subpart is inapplicable to Farm Service Agency, Farm Loan Programs.

[50 FR 45783, Nov. 1, 1985, as amended at 58 FR 52654, Oct. 12, 1993; 72 FR 64123, Nov. 15, 2007]

§ 1962.2 Policy.

Chattel security, EO property and note only loans will be serviced to accomplish the loan objectives and protect FmHA or its successor agency under Public Law 103–354's financial interest. To accomplish these objectives, security will be serviced in accordance with the security instruments and related agreements, including any authorized modifications, provided the borrower has reasonable prospects of accomplishing the loan objectives, properly maintains and accounts for the security, and otherwise satisfactorily meets the loan obligations including repayment.